

Senate Engrossed House Bill

FILED

**JANICE K. BREWER
SECRETARY OF STATE**

State of Arizona
House of Representatives
Forty-sixth Legislature
Second Regular Session
2004

CHAPTER 106

HOUSE BILL 2052

AN ACT

AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-749; RELATING TO THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 38, chapter 5, article 2, Arizona Revised Statutes,
3 is amended by adding section 38-749, to read:

4 38-749. Employer retirement incentive option; employer payment
5 of actuarial cost; definition

6 A. IF A RETIREMENT INCENTIVE PROGRAM THAT IS OFFERED BY AN EMPLOYER
7 RESULTS IN AN ACTUARIAL UNFUNDED LIABILITY TO ASRS, THE EMPLOYER SHALL PAY
8 TO ASRS THE AMOUNT OF THE UNFUNDED LIABILITY. ASRS SHALL DETERMINE THE
9 AMOUNT OF THE UNFUNDED LIABILITY IN CONSULTATION WITH ITS ACTUARY.

10 B. AN EMPLOYER SHALL NOTIFY ASRS IF THE EMPLOYER PLANS TO IMPLEMENT
11 A RETIREMENT INCENTIVE PROGRAM THAT MAY AFFECT ASRS FUNDING.

12 C. IF ASRS DETERMINES THAT AN EMPLOYER HAS IMPLEMENTED A RETIREMENT
13 INCENTIVE PROGRAM THAT RESULTS IN AN ACTUARIAL UNFUNDED LIABILITY TO ASRS,
14 ASRS SHALL ASSESS THE COST OF THE UNFUNDED LIABILITY TO THAT EMPLOYER. IF
15 THE EMPLOYER DOES NOT REMIT FULL PAYMENT OF ALL MONIES DUE WITHIN NINETY DAYS
16 AFTER BEING NOTIFIED BY ASRS OF THE AMOUNT DUE, THE UNPAID AMOUNT ACCRUES
17 INTEREST UNTIL THE AMOUNT IS PAID IN FULL. THE INTEREST RATE IS THE INTEREST
18 RATE ASSUMPTION THAT IS APPROVED BY THE BOARD FOR ACTUARIAL EQUIVALENCY FOR
19 THE PERIOD IN QUESTION TO THE DATE PAYMENT IS RECEIVED.

20 D. FOR THE PURPOSES OF THIS SECTION, "RETIREMENT INCENTIVE PROGRAM":

21 1. MEANS A TOTAL INCREASE IN COMPENSATION OF THIRTY PER CENT OR MORE
22 THAT IS GIVEN TO A MEMBER IN ANY ONE OR MORE YEARS OF THE LAST THREE YEARS
23 BEFORE RETIREMENT IF THAT INCREASE IN COMPENSATION IS USED TO CALCULATE THE
24 MEMBER'S RETIREMENT BENEFIT AND THAT INCREASE IN COMPENSATION IS NOT
25 ATTRIBUTED TO A:

26 (a) PROMOTION.

27 (b) RECLASSIFICATION OF THE POSITION.

28 (c) MERIT OR A COST OF LIVING INCREASE.

29 2. MEANS ANY MONIES, CREDITED SERVICE OR POINTS THAT THE EMPLOYER
30 PROVIDES TO A MEMBER IN EXCHANGE FOR A MEMBER'S WRITTEN AGREEMENT TO RETIRE
31 ON A DATE CERTAIN.

32 3. DOES NOT INCLUDE PAYMENTS TO AN EMPLOYEE FOR:

33 (a) COMPENSATION FOR ACCRUED VACATION.

34 (b) COMPENSATION FOR ACCRUED SICK LEAVE.

35 (c) COMPENSATORY TIME.

36 Sec. 2. Effective date

37 This act is effective from and after June 30, 2005.

APPROVED BY THE GOVERNOR APRIL 19, 2004.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 19, 2004.